GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3489
ANSWERED ON:25.08.2006
IT RETURN CREDITING
Deora Shri Milind Murli

Will the Minister of FINANCE be pleased to state:

(a) whether the Income Tax Department is working on schemes to directly credit the Income Tax refund to the assessees` Bank Accounts;

(b) if so, financial year from which the system will come into effect;

(c) whether final decision in this regard has been taken;

(d) the erstwhile practice with regard to refund to assessees;

(e) whether any bank has been selected whose services will be utilized for this purpose;

(f) if so, the details thereof; and (g) the steps taken in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM):

(a) Yes Sir.

(b) and (c) The system called `Electronic Clearing System` (ECS) is already in operation in twelve cities of India since financial year 2004-2005. Efforts are being made to extend the coverage of ECS to twenty four more cities in a phased manner.

(d) The erstwhile practice of issuing refund has been to issue paper cheques under the signature of the Income Tax authorities. However, presently refunds are being issued both through ECS and paper cheques.

(e) to (g) In the twelve cities where ECS is currently operational, the services of Reserve Bank of India have been taken for acting as a clearing-house for the electronic refunds. In the remaining cities of the country, State Bank of India, which is already acting as the clearing bank for paper cheque refunds, shall act as the ECS intermediary on behalf of the Income Tax Department.